

**ZULULAND DISTRICT MUNICIPALITY
UMKHANDLU WESIFUNDA SASE ZULULAND**



ANNUAL FINANCIAL STATEMENTS 2012/2013



Annual Financial Statements

for

ZULULAND DISTRICT MUNICIPALITY

for the year ended 30 June:

2013

Province:

KwaZulu Natal

Contact Information:	
Name of Municipal Manager:	J.H. DE KLERK
Name of Chief Financial Officer:	S.B. NKOSI
Contact telephone number:	035-8745500
Contact e-mail address:	mm@zululand.org.za
Name of contact at provincial treasury:	
Contact telephone number:	033 897 4423
Contact e-mail address:	nomfundo.shongwe@kzntreasury.gov.za
Name of relevant Auditor:	
Auditor General	
Contact telephone number:	033-264 7400
Contact e-mail address:	jabulaniN@agsa.co.za
Name of contact at National Treasury:	
Unathi Ndobeni	
Contact telephone number:	012 315 5103
Contact e-mail address:	unathi.ndobeni@treasury.gov.za

ZULULAND DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013

GENERAL INFORMATION

MEMBERS OF THE COUNCIL

1	Cllr VZ kaMagwaza Msibi	Mayor
2	Cllr MA Hlatshwayo	Speaker
3	Cllr SE Qwabe	Deputy Mayor
4	Cllr V O Mbuyisa	Member of the Executive Committee
5	Cllr B B Zwane	Member of the Executive Committee
6	Cllr ME Khumalo	Member of the Executive Committee
7	Cllr S E Nkwananya	Member of the Executive Committee
8	Cllr SR Nkosi	Member
9	Cllr M M Mntungwa	Member
10	Cllr M B Mabaso	Member
11	Cllr ZS Buthelezi	Member
12	Cllr R B Mhlungu	Member
13	Cllr N J Mjaja	Member
14	Cllr Z Siyaya	Member
15	Cllr T B Lukhele	Member
16	Cllr SJ Zulu	Member
17	Cllr BJ Mncwango	Member
18	Cllr BC Nhlatabathi	Member
19	Cllr KE Nxumalo	Member
20	Cllr IA Mbatha	Member
21	Cllr NM Nhlatabathi	Member
22	Cllr RM Zulu	Member
23	Cllr MT Lushaba	Member
24	Cllr NF Zulu	Member
25	Cllr MS Ntshangase	Member
26	Cllr ISM Hadebe	Member
27	Cllr ME Buthelezi	Member
28	Cllr Mkhize TK	Member
29	Cllr Ximba SP	Member
30	Cllr TL Khumalo	Member
31	Cllr PTAN Buthelezi	Member
32	Cllr LS Dumakude	Member
33	Cllr N Xaba	Member
34	Cllr TJ Khumalo	Member
35	Cllr Dlamini QM	Member

**ZULULAND DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013**

General information (continued)

Municipal Manager

J.H. de Klerk

Chief Financial Officer

S.B. Nkosi

Grading of Local Authority

4

Auditors

Auditor-General South Africa

Bankers

ABSA Bank Limited

Registered Office:

Physical address:

B-400 GAGANE STREET
ULUNDI
3838

Postal address:

PRIVATE BAG X76
ULUNDI
3838

Telephone number:

035 874 5500

Fax number:

035 874 5589/91

E-mail address:

mm@zululand.org.za

ZULULAND DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013

Approval of annual financial statements

I am responsible for the preparation of these annual financial statements, which are set out on pages **4 to 44**, in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality. I certify that the salaries, allowances and benefits of Councillors, as disclosed in note 24 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Cooperative Governance and Traditional Affairs's determination in accordance with this Act.

Municipal Manager:

30 August 2013



ZULULAND DISTRICT MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2013

Index	Page
General Information	1-2
Approval of Financial statements	3
Statement of Financial Position	4
Statement of Financial Performance	5
Statement of Changes in Net Assets	6
Cash Flow Statement	7
Statement Comparison of Budget and Actual Amounts	8
Accounting Policies	9-20
Notes to the Annual Financial Statements	21-44
Appendix A: Schedule of External Loans	45
Appendix B: Analysis of Property, Plant and Equipment	46-49
Appendix C: Analysis of Heritage Assets	50-51
Appendix D: Segmental Analysis of Property, Plant and Equipment	52
Appendix E: Segmental Statement of Financial Performance	53
Appendix F: Grants & Subsidies Received	54

ASSETS		2013		2012 Restated	
		R			
Current assets					
Cash and cash equivalents	2	125 487 056	197 593 703		
Trade and other receivables from exchange transactions	3	89 560 879	170 026 780		
Other receivables from non-exchange transactions	4,38	9 958 786	5 460 061		
Inventories	5	4 478 807	1 719 633		
Prepayments	6	3 351 202	2 550 081		
VAT receivable	13	1 924 639	1 958 932		
		16 222 743	15 878 218		
Non-current assets		1 765 209 264	1 496 740 945		
Non-current receivables	7	4 009 170	3 354 950		
Property, plant and equipment	8	1 759 833 401	1 492 819 990		
Heritage assets	9	988 478	305 370		
Intangible assets	10	378 216	260 635		
Total assets		1 890 696 320	1 694 334 649		
LIABILITIES					
Current liabilities		93 954 735	130 609 343		
Trade and other payables from exchange transactions	11	72 148 018	72 677 372		
Consumer deposits	12	3 218 441	3 318 848		
Taxes and transfers payable (non-exchange)		32 712	-		
Current provisions	14	5 280 542	4 283 885		
Bank overdraft	1	-	-		
Vat Payable	12	-	10 734 655		
Liabilities from non-exchange transactions	15	13 275 023	-		
Current portion of borrowings	16	-	112 355		
Current portion of finance lease liability	16	-	39 476 013		
Bank overdraft	2	-	6 214		
Other current liabilities		-	-		
Non-current liabilities		5 325	5 325		
Non-current unspent conditional grants and receipts	15	-	-		
Non-current borrowings	16	-	-		
Non-current finance lease liability	16	-	-		
Other non-current financial liabilities	17	5 325	5 325		
Non-current provisions	1	-	-		
Defined benefit plan obligations	39	-	-		
Total liabilities		93 960 060	130 614 668		
Net assets		1 796 736 261	1 563 719 981		
NET ASSETS		1 796 736 261	1 563 719 981		
Reserves					
Accumulated surplus / (deficit)		1 796 736 261	1 563 719 981		
Total net assets		1 796 736 261	1 563 719 981		

ZULULAND DISTRICT MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE

for the year ending 30 June 2013

	Note	2013	2012 Restated
		R	R
Revenue			
Service charges	18	23 914 694	27 077 989
Rental of facilities and equipment	19	106 272	98 400
Interest earned - external investments	20	11 829 016	13 252 501
Interest earned - outstanding receivables	21	445 473	953 771
Revenue from non-exchange transactions	22	650 660 526	569 632 092
Other income	23	1 834 441	3 207 806
Total revenue		688 790 423	614 222 561
Expenses			
Employee related costs	24	113 005 000	92 255 387
Remuneration of councillors	25	6 054 148	5 674 057
Contribution to Doubtful debts	3	2 525 817	6 500 083
Depreciation and amortisation expense	26	30 074 024	32 072 963
Repairs and maintenance		38 258 138	36 470 055
Finance costs	27	10 519	253 335
Bulk Water purification and Sewer Treatment	28	67 096 498	52 495 722
Contracted services	29	10 691 098	7 257 671
Grants and subsidies paid	30	1 041 732	980 879
General expenses	31	187 017 168	164 956 084
Total expenses		455 774 144	398 916 236
Gains / (losses) on sale of assets	31	-	26 930
Financial Loss	41	-	(3 481 539)
Surplus / (deficit) for the period		233 016 279	211 851 716

ZULULAND DISTRICT MUNICIPALITY
STATEMENT OF CHANGES IN NET ASSETS
for the year ended 30 June 2013

DETAILS		Accumulated	Surplus/(Deficit)	Note	R
Balance at 30 June 2011					
	Correction of prior period error	38	142 402		
	Surplus / (deficit) for the period		211 851 715		
	Balance at 30 June 2012		1 557 946 706		
	Correction of prior period error	38	5 773 275		
	Restated Balance at 30 June 2012		1 563 719 981		
	Surplus / (deficit) for the period		233 016 279		
	Balance at 30 June 2013		1 796 736 261		

ZULULAND DISTRICT MUNICIPALITY

CASH FLOW STATEMENT

for the year ended 31 March 2013

Note
2013
2012 Restated
R

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts

668 900 298	668 900 298	33	Cash Received from consumers, government and other
608 919 878	608 919 878		

Payments

(423 718 204)	(423 718 204)	33	Cash Paid to employee costs, supplier and other
(401 361 269)	(401 361 269)		

Net cash flows from operating activities

245 182 094	207 558 609	33	
-------------	-------------	----	--

CASH FLOWS FROM INVESTING ACTIVITIES

Net cash flows from investing activities

(286 059 107)	(218 331 919)		
---------------	---------------	--	--

Purchase of Property, Plant and Equipment

(297 030 083)	(231 228 962)		
---------------	---------------	--	--

Purchase of Heritage Assets

(683 108)	(305 370)		
------------	-----------	--	--

Interest-Investments

11 829 016	13 252 501		
------------	------------	--	--

Purchase of intangible assets

(174 933)	(50 088)		
-----------	----------	--	--

CASH FLOWS FROM FINANCING ACTIVITIES

Repayment of borrowings

-	(2 754 909)		
---	-------------	--	--

Repayment of finance lease liability

(112 355)	(285 532)		
-----------	-----------	--	--

Finance Cost-Borrowings

-	-		
---	---	--	--

Finance Cost-Finance Lease

(10 519)	(253 335)		
----------	-----------	--	--

Net increase / (decrease) in net cash and cash equivalents

(40 999 888)	(14 067 086)		
--------------	--------------	--	--

Net cash and cash equivalents at beginning of period

130 550 767	144 617 853		
-------------	-------------	--	--

Net cash and cash equivalents at end of period

89 550 879	130 550 767	33	
------------	-------------	----	--

224.01 AND DISTRICT MUNICIPALITY
STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS
 for the year 2013

Actual 2012	Description	Actual 2013	Approved Budget 2013	Adjustments	Final Budget 2013	Difference	Comments
	Revenue						
27 077 989	Service charges	23 914 894	32 771 604		32 771 604	8 856 509	Under-recovery of water revenue due to water loss.
38 400	Rental of facilities and equipment	106 272				-106 272	Budget oversight. Interest is based on estimated capital investments that fluctuate during the year.
13 252 501	Interest earned - external investments	11 829 016	12 566 926		12 566 926	737 910	Entry based on Grap compliance
953 771	Interest earned - outstanding receivables	445 473				-445 473	Due to underspending on some conditional grants funding.
569 632 082	Government grants and subsidies	650 660 326	650 996 000	2 663 517	653 679 517	3 018 941	Due to the appropriation of accumulated reserves used to finance the budget.
3 207 806	Other income	1 834 441	128 089 336	11 340 549	139 429 885	137 595 444	
614 222 561	Total revenue	688 790 423	824 423 866	14 024 066	838 447 933	149 657 510	
	Expenses						
							Due to budgeted increment percentage used being high than the actual increment imposed by SALGA.
92 255 367	Employee related costs	413 005 000	113 260 798	6 113 619	119 374 447	6 389 447	Savings on Substance and Traveling
5 674 057	Remuneration of councillors	6 084 149	6 242 765		6 242 765	188 617	Based on actual debt impairment
6 500 083	Bad debts	2 525 817	3 226 266		3 226 266	700 449	Based on prior year actual depreciation. Assets purchased at different intervals during the year.
32 072 963	Depreciation and amortisation expense	30 074 024	31 573 791		31 573 791	1 499 767	Repairs to be undertaken exceeded available budget
36 470 065	Repairs and maintenance	38 286 138	38 466 666		38 466 666	206 718	Liabilities paid during the year
253 335	Finance costs	10 519	50 033		50 033	39 513	Due to less bulk water purchases as a result of refurbishment works conducted at the plants.
52 495 722	Bulk Water purification and Sewer Treatment	67 096 498	70 788 590		70 788 590	3 692 092	Savings achieved
5 961 967	Contracted services	10 691 096	11 414 896		11 414 896	723 800	Underfunded organisations could not prove prior year expenditure
980 979	Grants and subsidies paid	1 041 732	1 151 732		1 151 732	110 000	Savings achieved
166 231 788	General expenses	187 017 166	180 882 342	6 455 417	187 337 759	320 591	Savings achieved
398 916 236	Total expense	456 774 144	457 058 070	12 569 066	469 627 137	13 852 993	
26 930	Gains / (losses) on sale of assets						
3 481 539	Financial Loss						
211 851 715	Surplus / (Deficit) for the period	233 016 279	367 365 796	1 455 000	368 820 796	135 604 517	

ZULULAND DISTRICT MUNICIPALITY **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** for the year ending 30 June 2013

1 ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

1.1.1 BASIS OF PRESENTATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003)

Accounting policies for material transactions, events or conditions not covered by the GRAP Standards have been developed in accordance with paragraphs 7.1 and 12 of GRAP 3. These accounting policies and the applicable disclosures have been based on the South African Statements of Generally Accepted Accounting Practices (SA GAAP) including any interpretations of such Statements issued by the Accounting Practices Board.

A summary of the significant accounting policies, which have been consistently applied except where a transitional provision has been granted are disclosed below.

1.2 PRESENTATION CURRENCY

These annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

1.3 GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

1.4 COMPARATIVE INFORMATION

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparative are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparative are restated accordingly.

The following standards, amendments to standards and interpretations have been issued but are not yet effective and have not been early adopted by the municipality:

The presentation and classification of items in the current year is consistent with prior periods.

1.5 STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following Standards of GRAP have been issued by the Accounting Standards Board but have not been given an effective date by the Minister of Finance. The entity has not early-adopted any of these new Standards or amendments thereto, but has referred to them for guidance in the development of accounting policies in accordance with GRAP 3 as read with Directive 5.

Standard number	Standard name	Effective date (if applicable)
GRAP 18	Segment Reporting	No effective date
GRAP 20	Related Party Disclosures	No effective date
GRAP 25	Employee Benefits	No effective date
GRAP 31	Intangible Assets	No effective date
GRAP 105	Transfer of Functions Between Entities Under Common Control	No effective date
GRAP 106	Transfer of Functions Between Entities Not Under Common Control	No effective date
GRAP 107	Mergers	No effective date

ZULULAND DISTRICT MUNICIPALITY SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ending 30 June 2013

GRAP 18: SEGMENT REPORTING

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which a municipality reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of a municipality that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by a municipality within a particular region.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the financial statements.

GRAP 20: RELATED PARTY DISCLOSURES

The objective of this Standard of GRAP is to ensure that a municipality's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

It is unlikely that the standard will have a material impact on the municipality's financial statements.
For the year under review, the municipality has applied IPSAS 20.

GRAP 25: EMPLOYEE BENEFITS

The objective of this standard is to prescribe the accounting and disclosure for employee benefits. The major difference between this Standard of GRAP and IAS 19 is with regards to the treatment of actuarial gains and losses and past service costs. This Standard of GRAP requires a municipality to recognise all actuarial gains and losses and past service costs immediately in the statement of financial performance once occurred.

The effective date of the standard is for years beginning on or after 01 April 2013. The municipality expects to adopt the standard for the first time in the 2014 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 31: INTANGIBLE ASSETS

This Standard of GRAP replaces the previous Standard of GRAP on Intangible Assets (GRAP 102) due to the IPSASB that has issued an IPSAS on Intangible Assets (IPSAS 31).

The effective date of the standard is for years beginning on or after 01 April 2013.

There is no impact of the standard on adoption.

GRAP 106: TRANSFERS OF FUNCTIONS BETWEEN ENTITIES UNDER COMMON CONTROL

The objective of this Standard of GRAP is to establish accounting principles for the acquirer and transferor in a transfer of functions between municipalities under common control.

The municipality expects to adopt the standard for the first time once it becomes effective.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

GRAP 106: TRANSFERS OF FUNCTIONS BETWEEN ENTITIES NOT UNDER COMMON CONTROL

The objective of this Standard of GRAP is to establish accounting principles for the acquirer and transferor in a transfer of functions between municipalities not under common control.

The municipality expects to adopt the standard once it becomes effective.

The impact of this amendment is currently being assessed.

GRAP 107: MERGERS

The objective of this Standard of GRAP is to establish accounting principles for the combined municipality and combining municipalities in a merger.

The municipality expects to adopt the standard once it becomes effective.

The impact of this standard is currently being assessed.

Impact on the municipality's financial statements once implemented:

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2013
1.6 PROPERTY, PLANT AND EQUIPMENT

1.6.1 INITIAL RECOGNITION

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. The major components are depreciated separately over their useful lives.

Where an asset is acquired by the municipality for no consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

1.6.2 SUBSEQUENT MEASUREMENT - COST MODEL

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

1.6.3 DEPRECIATION AND IMPAIRMENT

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. Depreciation on new acquisitions is charged to the statement of financial performance in the financial year in which the asset is available for use after taking into account the an assets' residual value where applicable.

The annual depreciation rates are based on the following estimated average asset lives:

Infrastructure	
Water	15-70 years
Sewerage	15-70 years
Community	
Buildings	30 years
Recreational Facilities	20-30 years
Finance lease assets	
Office equipment	5 years
Other	
Buildings	30 years
Specialist vehicles	7 years
Other vehicles	7 years
Office equipment	3-7 years
Furniture and fittings	7 years
Emergency equipment	10 years
Computer equipment	5 years

The residual value, the useful life of an asset and the depreciation method is reviewed annually and adjusted where necessary. Any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable service amount, it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

Land is not depreciated as it is deemed to have an indefinite life.

1.6.4 DERECOGNITION

Items of Property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

1.7 HERITAGE ASSETS

1.7.1 INITIAL RECOGNITION

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held and preserved indefinitely for the benefit of present and future generations. A heritage asset is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the asset will flow to the entity, and the cost or fair value of the asset can be measured reliably.

1.7.2 MEASUREMENT AT RECOGNITION

Heritage asset is initially measured at cost at the date of acquisition or in the case where a heritage asset is acquired through a non-exchange transaction (i.e. donation or grant) at deemed cost, being the fair value of the asset at acquisition date.

The cost of a heritage asset is a purchase price and other costs directly attributable to bring the heritage asset to the location and condition necessary for it to be capable of operating in the manner intended by management of the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes attributable costs of dismantling and removing the asset and restoring the site on which the asset is located.

Where there is no evidence to determine the market value of an item of heritage asset in an active market, a valuation technique is used to determine the fair value.

1.7.3 SUBSEQUENT MEASUREMENT

The municipality uses either cost model or revaluation model to value each class of heritage asset. Subsequent expenditure relating to heritage assets is capitalised if that expenditure meets all the requirements of heritage asset and can be measured reliably. Subsequent expenditure is only capitalised when that expenditure increases the level of benefit from present and future generation.

If the municipality re-values heritage asset, the entire class of heritage assets to which that asset belongs is re-valued. The surplus or deficit realised during revaluation is either credited or debited against the revaluation surplus account.

Heritage assets are not depreciated, however the municipality assesses impairment to all heritage assets at each reporting date.

ZULULAND DISTRICT MUNICIPALITY **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** for the year ending 30 June 2013

1.7.4 DE-RECOGNITION OF HERITAGE ASSETS

The carrying amount of an item of heritage asset is de-recognised on disposal or when no future economic benefit or service potential or for the benefit of present and future generations.

The gains or losses derived from de-recognition is recognised in the surplus or deficit when the heritage asset is de-recognised.

Gains and losses are determined as the difference between the carrying amount (cost less accumulated impairment losses) and the disposal proceeds and included in the statement of financial performance.

1.7.5 TRANSITIONAL PROVISIONS

The municipality utilises the transitional provisions under Directive 4, which allows three (3) years for the measurement of heritage assets.

1.8 INTANGIBLE ASSETS

1.8.1 INITIAL RECOGNITION

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licenses, and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use;
- it is technically feasible to complete the intangible asset;
- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

1.8.2 SUBSEQUENT MEASUREMENT - COST MODEL

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

1.8.3 AMORTISATION AND IMPAIRMENT

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method.

The annual amortisation rates are based on the following estimated average asset lives:
Computer software 5-7 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

1.8.4 DERECOGNITION
Intangible assets are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.9 INVENTORIES

1.9.1 INITIAL RECOGNITION
Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

1.9.2 SUBSEQUENT MEASUREMENT

Inventories, consisting of consumable stores, raw materials, work-in-progress and finished goods, are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal change, in which case they are measured at the lower of cost and current replacement cost. Redundant and slow-moving inventories are identified and written down in this way. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset.

In general, the basis of allocating cost to inventory items is the first-in, first-out method (FIFO).

1.10 NON-CURRENT ASSETS HELD FOR SALE

1.10.1 INITIAL RECOGNITION

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

1.10.2 MEASUREMENT

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell. A non-current asset is not depreciated (or amortised) while it is classified as held for sale or while it is part of a disposal group classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

1.10.3 DERECOGNITION

Non-current assets and disposal groups held for sale are derecognised upon disposal of the item or where no further economic benefits or service potential is expected to flow from the asset or disposal group. Gains / loss that result from the derecognition of non-current assets or disposal groups held for sale are recognised in surplus / deficit in the period of the derecognition.

1.11 INVESTMENT PROPERTY

1.11.1 INITIAL RECOGNITION AND MEASUREMENT

Investment property includes property held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services or the sale of an asset in the ordinary course of operations. Investment property is initially recognised when future economic benefits or service potential are probable and the cost or fair value can be determined reliably. At initial recognition, the entity measures investment property at cost including transaction costs once it meets the definition of investment property. Where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property (property, plant and equipment), the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the entity accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. The cost of day to day servicing of investment property is recognised in the Statement of Financial Performance as incurred.

1.11.2 SUBSEQUENT MEASUREMENT - COST MODEL

Investment property is measured using the cost model. Investment Property is stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is calculated on cost, using the straight-line method over the useful life of the property, which is estimated at 20 - 30 years. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately.

The gain or loss arising on the disposal of an investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.11.3 IMPAIRMENTS

The entity tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an investment property is greater than the estimated recoverable amount, it is written down immediately to its recoverable amount and an impairment loss is charged to the Statement of Financial Performance.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of the impairment is recognised in the Statement of Financial Performance.

1.11.4 DERECOGNITION

An investment property is derecognised when there is a disposal or no future economic benefits or service potential are to be derived from the property. All gains or losses, which result from the derecognition, are recognised in the Statement of Financial Performance.

1.12 BIOLOGICAL ASSETS

1.12.1 RECOGNITION

Biological assets that are not managed as part of an agricultural activity are accounted for as property, plant and equipment where they are expected to be used for longer than 12 months (refer to accounting policy for property, plant and equipment).

Biological assets that are managed as part of an agricultural activity, and agricultural produce are recognised when:

- o The entity controls the asset; and
- o Future economic benefits or service potential from the asset is probable; and
- o The fair value or cost of the asset can be determined.

1.12.2 MEASUREMENT

Biological assets are measured at fair value less estimated point-of-sale costs at initial recognition as well for subsequent reporting periods. Agricultural produce (as harvested from biological assets) are recognised at the point of harvest. Accordingly, agricultural produce is measured at fair value less point-of-sale costs at the point of harvest. When this agricultural produce is transferred to inventory (for the purpose of consumption or resale) the fair value less point-of-sale costs, becomes the cost of the agricultural produce inventory.

Where there is no active market for biological assets and it is not possible to determine the fair value of the biological assets reliably through the use of other valuation techniques, the biological assets are measured at cost less accumulated depreciation and accumulated impairment losses. Should the fair value of the biological asset become available or reliably determinable in subsequent periods, the biological asset will be measured at its fair value less point-of-sale costs

When measuring the biological asset at fair value less point-of-sale costs at initial recognition a gain arises on that asset. This gain is recognised in surplus or deficit for the period during which the biological asset was initially recognised. Any subsequent changes to the fair value less point-of-sale costs (which arise as a result of re-measurements at subsequent reporting dates) are also recognised in the surplus or deficit for the period.

The gain or loss that arises on the initial recognition of agricultural produce at fair value less point-of-sale costs is also recognised in surplus or deficit in the period that it arises.

1.12.2 DERECOGNITION

Agricultural produce is derecognised at the point of reclassification to inventory. As the fair value less point-of-sale costs becomes the cost of the inventory, no gain or loss is derecognised at the point of reclassification.

Biological assets are derecognised when the entity disposes thereof or when it is no longer probable that future economic benefits or service potential will be generated from the biological asset. Any gain or loss that arises at the point of derecognition is recognised in surplus or deficit at the point of derecognition.

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2013

1.13 FINANCIAL INSTRUMENTS

1.13.1 INITIAL RECOGNITION

The municipality has various types of financial instruments and these can be broadly categorised as either financial assets, financial liabilities or residual interests in accordance with the substance of the contractual agreement. The municipality only recognises a financial instrument when it becomes a party to the contractual provisions of the instrument. Financial instruments are initially recognised at fair value.

The Entity does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist; and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial instruments are evaluated, based on their terms, to determine if those instruments contain both liability and residual interest components (i.e. to assess if the instruments are compound financial instruments). To the extent that an instrument is in fact a compound instrument, the components are classified separately as financial liabilities and residual interests as the case may be.

The municipality has the following types of financial assets as reflected on the face of the Statement of Financial Position or in the not

Type of Financial Asset	Classification in terms of GRAP 104
Short-term Investment Deposits – Call	Financial asset at amortised cost
Bank Balances and Cash	Financial asset at amortised cost
Long-term Receivables	Financial asset at amortised cost
Consumer Debtors	Financial asset at amortised cost
Other Debtors	Financial asset at amortised cost

1.13.2 MEASUREMENT

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial liabilities are categorised as either at fair value through profit or loss or subsequent to initial recognition, financial assets and financial liabilities are measured at fair value, amortised cost or cost.

Subsequent to initial recognition and, in the absence of an approved GRAP 104 Standard on Financial Instruments, is in accordance with IAS 39.

1.13.3 IMPAIRMENTS

All financial assets measured at amortised cost, or cost, are subject to an impairment review. The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

The entity does not offset financial assets and financial liabilities in the Statement of Financial Position unless a legal right of set-off exists and the parties intend to settle on a net basis.

1.13.4 RECOGNITION

A financial asset is derecognised at trade date, when:

a) Significant risks and rewards are transferred to another party; or

b) Despite having retained significant risks and rewards, the entity has transferred control of the asset to another entity.

A financial liability is derecognised when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where the terms of an existing financial liability are modified, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

1.9 INVESTMENTS

Investments, which include short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity investments, where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

**ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2013**

1.10 TRADE AND OTHER RECEIVABLES

Trade and other receivables are categorised as financial assets: loans and receivables and are initially recognised at fair value and subsequently carried at amortised cost. Amortised cost refers to the initial carrying amount, plus interest, less repayments and impairments. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 180 days overdue) are considered indicators that the trade receivable is impaired. Impairments are determined by discounting expected future cash flows to their present value. Amounts that are receivable within 12 months from the reporting date are classified as current.

An impairment of trade receivables is accounted for by reducing the carrying amount of trade receivables through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance within operating expenses. When a trade receivable is uncollectible, it is written off. Subsequent recoveries of amounts previously written off are credited against operating expenses in the Statement of Financial Performance.

1.11 TRADE PAYABLES AND BORROWINGS

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

1.12 CASH AND CASH EQUIVALENTS

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash, that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with banks, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

1.13 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.14 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipality's Systems Act (Act No. 32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.15 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.16 LEASES

1.16.1 MUNICIPALITY AS LESSEE

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments, the municipality uses the interest rate of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2013

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant, equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables. The lease asset is depreciated over the shorter of the asset's useful life or the lease term.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight line basis over the term of the relevant lease.

1.16.2 MUNICIPALITY AS A LESSOR

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

1.17 PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Where the effect is material, non-current provisions are discounted to their present value using a pre-tax discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

1.18 REVENUE

1.18.1 REVENUE FROM EXCHANGE TRANSACTIONS

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable. Service charges relating to sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved by the council and are levied monthly. Service charges relating to water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly by the system if the reading was not obtained. The provisional estimates of consumption are recognised as revenue when invoiced. The system automatically reverse the provisional readings, when the reading has been captured on the system. Interest revenue is recognised on a time proportion basis. Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement. Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer. Revenue for agency services is recognised on a monthly basis once the revenue collected on behalf of agents has been quantified and once the terms of the agency agreement have been complied with.

ZULULAND DISTRICT MUNICIPALITY SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

for the year ending 30 June 2013

1.18.2 REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Fines constitute both spot fines in the form of meter temping fines. Fines are recognised when payment is received.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

1.18.3 GRANTS, TRANSFERS AND DONATIONS

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset or expense is recognised.

1.19 BORROWING COSTS

Borrowing cost are recognised as an expense in Statement of Financial Performance in the period they become due and payable.

1.20 EMPLOYEE BENEFITS

Short-term Employee Benefits

Remuneration to employees is recognised in the Statement of Financial Performance as the services are rendered, except for non-accumulating benefits, which are only recognised when the specific event occurs.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position. The municipality recognises the expected cost of performance bonuses only when the municipality has a present legal or constructive obligation to make such payment and a reliable estimate can be made.

Defined Contribution Plans

A **defined contribution plan** is a plan under which the municipality pays fixed contributions into a separate entity. The municipality has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to service in the current or prior periods.

The municipality's contributions to the defined contribution funds are established in terms of the rules governing those plans. Contributions are recognised in the Statement of Financial Performance in the period in which the service is rendered by the relevant employees. The municipality has no further payment obligations once the contributions have been paid.

Defined Benefit Plans

A **defined benefit plan** is a post-employment benefit plan other than a defined contribution plan.

Pension obligations

The Municipality's personnel are members of either the Government Employees Pension Fund (GEPF) or one of the Natal Joint Municipal Pension (NJMPF) retirement funds, namely the Superannuation, Retirement and Provident Funds. Except for the NJMPF Provident fund, the aforementioned funds are defined benefit funds. As these defined benefit funds are multi-employer funds, the allocation of any surplus/deficit to individual municipalities cannot be determined. Furthermore disclosure of further details such as actuarial assumptions, cannot be attributed to any specific employer and is of no relevance to users of the municipality's financial statements. As the required disclosure information cannot be obtained the funds are all treated as defined contribution funds.

ZULULAND DISTRICT MUNICIPALITY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
for the year ending 30 June 2013

Municipal Councilors

Councilors belong to the Councilors Pension Fund which is a defined contribution fund and employers have no legal or constructive obligation for any shortfall in valuation of the fund.

Other post-employment benefit obligations

The municipality does not provide post retirement health care benefits to any of its employees and therefore has no liability for such benefits. Except for one staff member who was transferred from another local municipality.

1.21 VAT

VAT is accounted for on the payment basis i.e. VAT is paid over to SARS only once payment is received from debtors and/ or when actual payment is made to creditors.

1.22 BUDGET INFORMATION

The annual budget figures have been prepared in accordance with the GRAP 24. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts.

Explanatory comments on material differences are provided in Appendix F to the annual financial statements giving firstly reasons for overall growth or decline in the budget and secondly motivations for over- or underspending on line items. The changes between the approved and final budget are a consequence of reallocations within the approved budget by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan.

The budget is approved on an accrual basis by nature classification. The approved budget covers the reporting period from 1 July 2012 to 30 June 2013.

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

2 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of the following:

Cash on hand	5 000
Call deposits	89 545 879
	170 021 780
	170 026 780

The Municipality has the following bank accounts: -

Current Account (Primary Bank Account)

ABSA BANK-KZN Public Sector Branch: 4047162045

Cash book balance at beginning of year	-39 476 013
Cash book balance at end of year	-39 476 013

Bank statement balance at beginning of year	55 427 514
Bank statement balance at end of year	55 427 514

Cash on hand	5 000
Total cash and cash equivalents	170 026 780

Total bank overdraft	-39 476 013
----------------------	-------------

	50 000 000
	30 000 000
	10 000 000
	10 000 000
	10 000 000
	65 000 000
	10 000 000
	170 021 780

	50 000 000
	170 021 780

Encumbrances: A Guarantee of R24,200,000 has been issued in favour of supplier for the purchase of pipes.

3 TRADE AND OTHER RECEIVABLES FROM EXCHANGE TRANSACTIONS

Trade receivables	R	Gross Balances	R	Provision for Doubtful Debts	R	Net Balance	R
-------------------	---	----------------	---	------------------------------	---	-------------	---

Service debtors (Water and Sanitation) 60 597 865.37 50 639 079 9 958 786

Total	60 597 865	50 639 079	9 958 786
-------	------------	------------	-----------

as at 30 June 2012

Service debtors 53 573 323 48 113 262 5 460 061

Water and Sanitation 53 573 323 48 113 262 5 460 061

Total	53 573 323	48 113 262	5 460 061
-------	------------	------------	-----------

21

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013	2012	
Water and Sewerage: Ageing			
Current (0 – 30 days)	2 761 261	2 761 261	
31 – 60 Days	2 338 406	2 338 406	
61 – 90 Days	1 572 133	1 572 133	
91 – 120 Days	1 564 275	1 564 275	
121 – 365 Days	1 523 492	1 523 492	
+ 365 Days	43 813 756	43 813 756	
Total	60 597 865	53 573 323	
Summary of Debtors by Customer Classification			
Consumers			
Industrial / Commercial			
National & Provincial			
Government			
as at 30 June 2013	1 322 472	1 324 763	R
Current (0 – 30 days)	1 008 996	1 067 265	
31 – 60 Days	1 008 069	572 259	
61 – 90 Days	791 044	507 425	
91 – 120 Days	8 395 041	2 432 142	
+ 365 Days	39 623 384	2 495 005	
Sub-total	52 199 006	8 398 859	
Total debtors by customer classification	52 199 006	8 398 859	
as at 30 June 2012	1 399 426	1 361 834	
Current (0 – 30 days)	1 121 484	1 216 922	
31 – 60 Days	942 321	629 812	
61 – 90 Days	1 088 781	475 514	
91 – 120 Days	1 007 876	515 617	
+ 365 Days	40 038 201	3 775 555	
Sub-total	45 598 068	7 975 254	
Total debtors by customer classification	45 598 068	7 975 254	
3 Reconciliation of the doubtful debt provision			
Balance at beginning of the year	48 113 262	41 613 179	
Contributions to provision	2 525 817	6 500 083	
Reversal of provision	-	-	
Balance at end of year	50 639 079	48 113 262	
Trade and other receivables past due but not impaired			
Trade and other receivables which are regular payers with amounts owing less than 60 days past due are not considered to be impaired. At 30 June 2013, R9 958 786 - (2012: R5 460 061) were past due but not impaired.			
The ageing of amounts past due but not impaired is as follows:			
Less than 60 days past due	745 987	1 499 779	
Less than 180 days past due	9 212 799	3 960 282	
	9 958 786	5 460 061	

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Note
2013
2012
R

Trade and other receivables impaired

As of 30 June 2013, trade and other receivables of R50 639 079 - (2012: R48 113 262) were impaired and provided for.
The ageing of these receivables is as follows:
3 to 6 months
Over 6 months
The fair value of trade and other receivables approximates their carrying amounts.

5 359 657.28	45 279 421.83
3 605 107	44 508 155

4 OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Total Other Debtors	4 478 807	4 478 807
Reclassified to Prepayments (Federal Air Deposit)	-	-
Net total	4 478 807	4 478 807

5 INVENTORIES

Closing balance of inventories:	3 351 202	3 351 202
Consumable store & water stock	2 550 081	2 550 081

6 PREPAYMENTS

Prepaid expenses	1 234 719	1 269 012
Reclassified from Trade and Other Receivable from Exchange Transactions (Federal Air Deposit)	689 920	689 920
Includes payments for Kwanaloga and accommodation for Kwanaloga games 2013 and PayDay Annual Licences	1 924 639	1 958 932

7 NON-CURRENT RECEIVABLES

Debtor: Eskom Deposits	4 003 126	3 348 906
Deposit: Property 165 President St, Vryheid	6 044	6 044
Deposit: Federal Air	689 920.00	689 920
Reclassified to Prepayments	4 699 090	4 044 870
Total	4 009 170	3 354 950

Eskom Deposit- is payable when an application is made to connect a new water scheme for the Eskom line supply.

Rent Deposit- this is the deposit payable in terms of the office lease agreement

Federal Air Deposit- A deposit on aviation contract

ZUBULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

8. PROPERTY, PLANT AND EQUIPMENT

8. Reconciliation of Carrying Value

	R	R	R	R	R	R	R	R	R
	Land	Buildings	Infrastructure	Leasehold Intangibles	Plant and Equipment	Other Assets	Finance lease assets	Total	
as at 1 July 2012	470 000	35 180 011	1 430 240 354	-	305 370	26 020 037	104 218	1 693 089 162	
Cost/Revaluation	470 000	42 996 247	1 803 713 009	-	305 370	44 677 293	907 253	1 693 089 162	
Correction of error (note 48)	-	-	-	-	-	-	-	-	
Change in accounting policy (note 47)	-	(7 816 236)	(172 972 655)	-	-	(18 657 246)	(803 035)	-	
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-	
Acquisitions	-	-	-	-	-	4 253 793	-	4 253 793	
Capital under Construction	-	479 787	293 606 944	-	-	-	-	294 086 731	
Depreciation	-	(1 080 250)	(22 636 688)	-	-	(6 194 784)	(104 219)	(30 015 941)	
Carrying value of disposals	-	-	-	-	-	-	-	-	
Cost/Revaluation	-	-	-	-	-	-	-	-	
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-	
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-	
Transfers	-	-	(1 005 802)	-	(305 370)	-	-	(1 311 172)	
Other movements*	-	-	-	-	-	-	-	-	
as at 30 June 2013	470 000	34 579 547	1 700 764 808	-	-	24 079 046	(0)	1 759 833 401	
Cost/Revaluation	470 000	43 476 034	1 897 319 953	-	305 370	46 931 076	907 253	1 991 409 685	
Transfers	-	-	(1 005 802)	-	(305 370)	-	-	(1 311 172)	
Accumulated depreciation and impairment losses	-	(8 896 486)	(195 609 343)	-	-	(24 852 030)	(907 253)	(230 285 113)	

*Other movements consist of

Refer to Appendix B for more detail on property, plant and equipment

The council has 217 fully depreciated assets still in use. Council policy is to dispose fully depreciated assets still in use in the next accounting period

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2012

8. Reconciliation of Carrying Value

	Land	Buildings	Infrastructure	Community	Heritage	Other Assets	Finance lease assets	Total
	R	R	R	R	R	R	R	R
as at 1 July 2011	470 000	27 214 192	1 247 714 074	-	-	17 932 420	333 303	1 293 663 990
Cost/Revaluation	470 000	33 950 273	1 394 692 094	-	-	33 048 846	907 253	1 463 068 467
Correction of error (note 46)	-	-	-	-	-	-	-	-
Change in accounting policy (note 47)	-	(6 736 082)	(146 978 020)	-	-	(15 116 426)	(573 960)	(169 404 477)
Accumulated depreciation and impairment losses	-	-	-	-	-	-	-	-
Acquisitions	-	-	-	-	-	-	-	-
Capital under Construction	-	9 045 974	209 020 914	-	305 370	12 750 729	-	12 750 729
Depreciation	-	(1 080 154)	(25 984 635)	-	-	(4 493 807)	(229 085)	(31 797 682)
Carrying value of disposals	-	-	-	-	-	(169 305)	-	(169 305)
Cost/Revaluation	-	-	-	-	-	(1 122 292)	-	(1 122 292)
Accumulated depreciation and impairment losses	-	-	-	-	-	952 987	-	952 987
Impairment loss/Reversal of impairment loss	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-
*Other movements	-	-	-	-	-	-	-	-
as at 30 June 2012	470 000	35 180 011	1 430 740 354	-	305 370	28 020 037	104 218	1 492 819 990
Cost/Revaluation	470 000	42 996 247	1 603 713 009	-	305 370	44 677 283	907 253	1 693 086 162
Accumulated depreciation and impairment losses	-	(7 816 236)	(172 972 655)	-	-	(18 657 246)	(803 035)	(200 249 172)

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 Jun 2015

9 HERITAGE ASSETS

9 Reconciliation of Carrying Value

	R	R	R	R	R
	Art collections	Stamp collections	Collections of rare books or manuscripts	Historical buildings	Total
as at 1 July 2012	305 370	-	-	-	305 370
Cost/Revaluation	305 370	-	-	-	305 370
Correction of error (note 48)	-	-	-	-	-
Change in accounting policy (note 47)	-	-	-	-	-
Accumulated depreciation and impairment losses	-	-	-	-	-
Acquisitions	-	-	-	-	-
Capital under Construction	683 108	-	-	-	683 108
Carrying value of disposals	-	-	-	-	-
Cost/Revaluation	-	-	-	-	-
Impairment losses	-	-	-	-	-
Impairment loss/Reversal of impairment loss	-	-	-	-	-
Transfers	-	-	-	-	-
Other movements*	-	-	-	-	-
as at 30 June 2013	988 478	-	-	-	988 478
Cost/Revaluation	988 478	-	-	-	988 478
Transfers	-	-	-	-	-
Impairment losses	-	-	-	-	-

*Other movements consist of
Refer to Appendix C for more detail on Heritage Assets

9 Reconciliation of Carrying Value

[illegible]

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

10 INTANGIBLE ASSETS

10.1 Reconciliation of carrying value

	Computer Software	Total
	R	R
as at 1 July 2012	260 635	260 635
Cost	2 036 171	2 036 171
Accumulated amortisation and impairment losses	(1 775 536)	(1 775 536)
Acquisitions	175 665	175 665
Amortisation	(58 083)	(58 083)
as at 30 June 2013	378 216	378 216
Cost	2 211 836	2 211 836
Accumulated amortisation and impairment losses	(1 833 619)	(1 833 619)

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013	2012	
11	TRADE AND OTHER PAYABLES FROM EXCHANGE TRANSACTIONS		R
	Creditors control account	204 422	
	Creditor previous year/ year end	34 881 926	
	Bank deposits not receipted	67 788	
	Creditors: K. Sihole	-	
	Retention	36 194 641	
	R/D cheque	28 449	
	Water & Sanitation Debtors with Credit Balances	975 215	
	Staff leave	4 283 885	
	Restated Creditors Balance	82 296 283	
	Redclassified to Current provision	4 283 885	
	Adjusted for Retention (prior error)	6 389 207	
	Total creditors	-	
	Adjusted for other Correction of prior period errors	1 054 181	
	Total Restated Creditors	72 148 018	38
12	CONSUMER DEPOSITS		
	Water	3 218 441	
	Total consumer deposits	3 318 848	
	ZDM does not pay interest on deposits refunded.		
13	VAT RECEIVABLE		
	Add: Reclassified to Vat payable	20 802 719	
	Vat	19 350 953	
	Year-end vat reclaimable	2 773 936	
		3 012 964	
		(7 353 971)	
		(6 486 689)	
	VAT RECEIVABLE	16 222 743	
	Vat is accounted for on the payments basis.		
14	CURRENT PROVISIONS		
	Reconciliation of movement in Provision for Leave pay		
	Reclassified from trade and other payables from exchange transactions	4 283 885	
	Opening Balance	3 914 422	
	Provisions Raised	3 273 271	
	Amounts Used	(2 276 614)	
	Closing Balance	5 280 542	
		4 283 885	
15	LIABILITIES FROM NON-EXCHANGE TRANSACTIONS		
	Unspent Conditional Grants from other spheres of Government		
	Unspent Conditional Grants	13 275 023	
	Total Unspent Conditional Grants and Receipts	13 275 023	
		10 734 655	
16	FINANCE LEASE LIABILITY		
	2013		
	Amounts payable under finance leases		
	Within one year		
	Within one year		
	Minimum lease payment		
	Future finance charges		

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

2012	2013	Note
------	------	------

Less: Amount due for settlement within 12 months (current portion)
Outstanding amount

The average lease term is 5 years and the average effective borrowing rate is 30.06%. No arrangements have been entered into for contingent rent. Obligations under finance		
---	--	--

2012	Minimum lease payment	Future finance charges
	R	R

Within one year	122 690	112 365	10 334
Within two to five years			
Less: Amount due for settlement within 12 months (current portion)	122 690		10 334

The average lease term is 5 years and the average effective borrowing rate is 30.06%. No arrangements have been entered into for contingent rent. Obligations under finance

OTHER FINANCIAL LIABILITIES

17

Other Non-Current Financial Liabilities		
Disclosed as Other Current Liabilities (2011/12)		11 639
Reclassified from Other current liabilities to Non-Current Liabilities		-5 325
Other Current Liabilities restated		6 214
Deposit-IEG	2 905	-
Deposit - WSSA	2 420	-
	5 325	5 325

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013	2012
		R

Other Current Liabilities in 2011/12 were disclosed as R11,539 has been reclassified to Other Current Liabilities (R6,214) and Other Non-Current Financial Liabilities (R5,325).

18	SERVICE CHARGES	
	Sale of water	17 459 683
	Sewerage and sanitation charges	6 455 011
	Total Service Charges	23 914 694
		27 077 989

19	RENTAL OF FACILITIES AND EQUIPMENT	
	Rental of facilities	106 272
	Total rentals	106 272
		98 400

20	INTEREST EARNED - EXTERNAL INVESTMENTS	
	Current Account	757 668
	Call Accounts	11 071 348.5
	Total Interest	11 828 016
		13 252 501

21	INTEREST EARNED - OUTSTANDING RECEIVABLES	
	Debtors	445 473.1
	Total Interest	445 473.1
		953 771

22	REVENUE FROM NON EXCHANGE TRANSACTIONS	
	GOVERNMENT GRANTS AND SUBSIDIES	
	DWAf Accelerated Community Infrastructure (Operational & maintenance)	8 268 000
	DWAf - Bulk Infrastructure Grant	64 046 660
	Equitable share	258 854 000
	Expanded public works Programme	5 207 000
	Finance Management Grant	1 250 000
	Grant Infrastructure	3 443 130
	Indonsa	1 561 000
	LED Catalyst	1 132 356
	Local Government Cholera Project	-
	MfG Grant	275 487 000
	Municipal Systems Improvement Grant	1 000 000
	Massification	5 194 285
	Okhukho Rudimentary Project	-
	P700 Strategic Corridor	7 968 698
	Shared Services Planning	365 138
	Ulundi Airport	9 043 622
	Grants: ACP	1 339 638
	Ulundi Tourism Hub	6 500 000
		-
		2 810 000
		14 729 570
		2 516 827
		14 050 494
		2 700 000
		8 270 000
		1 000 000
		227 100 000
		303 662
		867 644
		1 487 000
		1 244 000
		234 326 000
		56 976 896
		-
		8 268 000

	TOTAL GOVERNMENT GRANTS AND SUBSIDIES	650 660 526	569 632 092
--	--	--------------------	--------------------

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Note	2013	2012
		R

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members. All water consumers receive 6kl free basic water

MIG GRANT

Balance unspent at beginning of year

Current year receipts

Conditions met - transferred to revenue

Conditions still to be met - remain liabilities

MIG is implemented on a multi year programme and the conditions are met on an ongoing basis.

Other Conditional Government Grants and Subsidies

Balance unspent at beginning of year

Current year receipts

Conditions met - transferred to revenue

Conditions still to be met - remain liabilities

Changes in levels of government grants

Based on the allocations set out in the Division of Revenue Act No 05 of 2012, no significant changes in the level of government grant funding are expected over the forthcoming

23

OTHER INCOME, PUBLIC CONTRIBUTIONS AND DONATIONS

OTHER INCOME

Insurance Claim

Marathon

New connections-sewage

New connections-water

Reconnection fees-water

Sundry Income

Multipurpose Stadium

Indonesa Hall Hire

Telephone expenses recovered

Skills Levy Refunds

Cine Income

Tender deposits

TOTAL OTHER INCOME

EMPLOYEE RELATED COSTS

Employee related costs - Salaries and Wages

Employee related costs - Contributions for UIF, pensions and medical aids

Travel, motor car, accommodation, subsistence and other allowances

Housing benefits and allowances

Overtime payments

Other employee related costs

TOTAL EMPLOYEE RELATED COSTS

24

80 039 587	65 527 267
16 980 240	13 869 078
6 705 511	5 996 309
610 794	563 061
4 527 693	3 198 370
4 141 174	3 101 283
113 005 000	92 255 387

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Note	2013	2012
------	------	------

Remuneration of the Municipal Manager

Annual Remuneration	540 000.0
Performance- and other bonuses	229 704.2
Travel, motor car, accommodation, subsistence and other allowances	654 947
Contributions to UIF, Medical and Pension Funds	53 294.2
TOTAL	1 529 770.3

Remuneration of the Chief Finance Officer

Annual Remuneration	365 620
Performance- and other bonuses	166 917.4
Travel, motor car, accommodation, subsistence and other allowances	725 604
Contributions to UIF, Medical and Pension Funds	129 424
TOTAL	1 201 130.6

Remuneration of individual Executive Directors

Planning	Technical Services	Corporate Services	Community Services
----------	--------------------	--------------------	--------------------

Annual Remuneration	360 000
Performance- and other bonuses	-
Travel, motor car, accommodation, subsistence and other allowances	669 601
Contributions to UIF, Medical and Pension Funds	37 286
TOTAL	1 066 887

Annual Remuneration	60 000
Performance- and other bonuses	-
Travel, motor car, accommodation, subsistence and other allowances	102 949
Contributions to UIF, Medical and Pension Funds	3 005
TOTAL	165 954

Annual Remuneration	361 239
Performance- and other bonuses	162 969
Travel, motor car, accommodation, subsistence and other allowances	694 393
Contributions to UIF, Medical and Pension Funds	66 798
TOTAL	1 265 419

Community

Technical Services

Corporate Services

Planning

Annual Remuneration	361 204
Performance- and other bonuses	-
Travel, motor car, accommodation, subsistence and other allowances	550 560
Contributions to UIF, Medical and Pension Funds	149 372
TOTAL	1 061 136

Annual Remuneration	307 437
Performance- and other bonuses	-
Travel, motor car, accommodation, subsistence and other allowances	809 033
Contributions to UIF, Medical and Pension Funds	96 989
TOTAL	1 215 459

Annual Remuneration	307 437
Performance- and other bonuses	-
Travel, motor car, accommodation, subsistence and other allowances	812 211
Contributions to UIF, Medical and Pension Funds	136 333
TOTAL	1 265 981

REMUNERATION OF COUNCILLORS

25

In kind Benefits

The Mayor, Deputy Mayor, Speaker and Executive Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.
The Mayor has use of the Council owned vehicle for official duties. The Mayor has full-time bodyguards.

Mayor	724 280.02
Deputy Executive Mayor	409 088.38
Speaker	599 390.94
Executive Committee Members	2 761 774.37
Councillors' pension and medical aid contributions	392 813.94
Councillors' allowances	1 166 800.80
Total Councillors' Remuneration	6 054 148.45

Annual Remuneration	307 437
Performance- and other bonuses	-
Travel, motor car, accommodation, subsistence and other allowances	812 211
Contributions to UIF, Medical and Pension Funds	136 333
TOTAL	1 265 981

Planning	Technical Services	Corporate Services	Community Services
----------	--------------------	--------------------	--------------------

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Note
2013
2012
R

26 DEPRECIATION AND AMORTISATION EXPENSE

Property, plant and equipment	30 016 673	32 072 963
Intangible assets	57 351,5	-
Total Depreciation and Amortisation	30 074 024	32 072 963

27 FINANCE COSTS

Borrowings	10 519	253 335
Total Finance Costs	10 519	253 335

28 BULK WATER PURIFICATION AND SEWER TREATMENT

Electricity	29 099 609	24 414 174
Water	37 986 890	28 061 548
Total Bulk Purchases	67 086 498	52 495 722

29 CONTRACTED SERVICES

Contracted services for:	7 349 797	3 786 861
Security Services	468 520	380 814
Meter reading Services	1 770 044	1 814 293
Cleaning Service	1 402 736	5 981 967
Internal Audit Services	10 691 098	5 981 967
Total	-	1 275 704
Reclassified from General Expenses (Internal Audit fees)	10 691 098	7 257 671
Restated total	10 691 098	7 257 671

30 GRANTS AND SUBSIDIES PAID

Abaqulusi Municipality	50 000	50 000
Edumbe Municipality	-	-
Nongoma Municipality	50 000	50 000
Pongola Municipality	50 000	50 000
Ulundi Municipality	50 000	50 000
Bathefields Route	50 000	50 000
Zululand Bridging Route	50 000	50 000
Water Service Provider Grant (Abaqulusi)	721 732	680 879
	1 041 732	980 879

These grants comprise Tourism Grants to Local Municipalities and a Water Services Provider Grant to Abaqulusi Municipality

31 GENERAL EXPENSES

Included in general expenses are the following -	224 078	199 975
Advertising	1 609 015	1 387 051
Audit fees	200 087	150 233
Bank charges	25 393	65 305
Conferences and delegations	410 621	430 133
Entertainment	7 692 466	5 870 086
Fuel and oil	971 416	752 495
Insurance	707 436	617 423
Membership fees	190 900	223 414
License fees	302 615	211 468
Printing and stationery	469 141	1 074 310
Professional fees	6 333 945	6 892 723
Rental of buildings	230 836	240 458

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	Note	2013	2012
Rental of office equipment		662 541	403 567
Other rentals		151 112	450 941
Skills development levies		1 075 340	909 127
Stocks and material		-	163 310
Telephone cost		2 307 670	2 632 775
Training		1 620 460	1 642 609
Community & social expenditure		88 499 142	76 793 556
Travel and subsistence		8 399 503	5 370 643
Uniforms & overalls		1 059 711	140 655
Grants/ Projects expenditure		63 873 536	58 433 826
Internal Audit fees		1 102 736	1 275 704
Total		188 419 905	166 231 788
Reclassified to Contracted Services (Internal Audit fees)		-1 102 736	-1 275 704
Restated total		187 017 168	164 956 084

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013	2012
--	------	------

32	GAIN / (LOSS) ON SALE OF ASSETS	26 930	-
	Property, plant and equipment	26 930	-
	Total gain / (loss) on sale of assets	26 930	-

CASH GENERATED BY OPERATIONS 33

Surplus/(deficit) for the year	233 016 279	211 851 716
Adjustment for:-		
Depreciation and amortisation	30 074 024	32 072 963
(Gain) / loss on sale of assets	-	-
Correction of prior period error	-	5 916 677
Finance costs-Borrowings	10 519	263 336
Interest - Investments	(11 829 016)	(13 252 501)
Operating surplus before working capital changes:	251 271 807	236 841 190

Working Capital	(6 089 713)	(29 282 579)
(Increase)/decrease in trade and other receivables from exchange transactions	(4 498 725)	(1 486 912)
(Increase)/decrease in other receivables from non-exchange transactions	(2 759 174)	558 788
(Increase)/decrease in current provisions	996 657	4 283 885
(Increase)/decrease in prepayments	34 292	(1 464 438)
(Increase)/decrease in VAT receivable	(344 526)	6 113 847
(Increase)/decrease in VAT payable	-	(5 054 192)
(Increase)/decrease in Inventory	(801 121)	(680 418)
(Increase)/decrease in non-current receivables	(654 220)	(839 372)
(Increase)/(decrease) in trade and other payables from exchange transactions	(529 354)	(220 376)
(Increase)/(decrease) in consumer deposits	(100 407)	39 843
(Increase)/(decrease) in current taxes	32 712	(704 137)
(Increase)/(decrease) in current portion of unspent conditional grants and receipts	2 540 367	5 325
Increase in other non current financial liabilities	(6 214)	(29 834 421)
Cash generated by/(utilised in) operations	245 182 094	207 558 611
Cash receipts from consumers, government and other		
Total revenue per statement of financial performance	688 790 423	614 222 561

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013	2012
Adjusted for items disclosed separately		
Interest received	(11 829 016)	(13 252 501)
Adjusted for working capital		
(increase)/decrease in trade and other receivables from exchange transactions	(4 498 726)	(1 486 912)
(increase)/decrease in other receivables from non-exchange transactions	(2 759 174)	558 788
Increase in current portion of receivables	996 657	4 283 885
(increase)/decrease in VAT receivable	(3 444 526)	6 113 847
(increase)/decrease in inventory	(801 121)	(680 418)
(increase) in non-current receivables	(654 220)	(839 372)
Cash receipts from consumers, government and other	668 900 298	608 919 878
Cash paid to employees, suppliers and other	(455 774 144)	(388 916 236)
Total expenses as per statement of financial performance		
Adjusted for non-cash items:		
Depreciation	30 074 024	34 534 031
Correction of prior period error	30 074 024	5 916 677
Loss on assets (financial asset)	-	(3 454 609)
Adjusted for items disclosed separately		
Finance Costs	10 519	253 335
Adjusted for working capital		
(increase)/decrease in prepayments	34 292	(1 464 438)
(increase)/decrease in trade and other payables from exchange transactions	(529 354)	(220 378)
(increase)/decrease in current portion of unspent conditional grants and receipts	2 540 367	(704 139)
Increase/(decrease) in consumer deposits	(100 407)	39 843
Increase/(decrease) in VAT payable	-	(5 054 192)
Increase/(decrease) in current taxes and transfers payables (non-exchange)	32 712	6 325
Increase/(decrease) in other current liabilities	-6 214	(29 834 421)
Increase/(decrease) in other current liabilities		
Cash paid to employees, suppliers and other	(423 718 204)	(401 351 259)
CASH AND CASH EQUIVALENTS		
Cash and cash equivalents included in the cash flow statement comprise the following:		
Bank balances and cash	89 550 879	170 026 780
Bank overdrafts	-	(39 476 013)
Net cash and cash equivalents (net of bank overdrafts)	89 550 879	130 550 767
ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
35 Contributions to organised local government		
35.1 Opening balance		
Membership Fees	707 435 0	517 423
Amount paid - current	(707 435 0)	(517 423)
Amount paid - previous years	-	-
Balance unpaid (included in payables)	-	-

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013	2012
		R

35.2	Audit fees	
	Opening balance	1 387 051
	Current year audit fee	1 609 015
	Amount paid - current year	(1 609 015)
	Balance unpaid (included in payables)	(1 387 051)

35.3	PAYE and UIF	
	Opening balance	16 384 942.79
	Current year payroll deductions	11 147 085
	Amount paid - current year	(11 147 085)
	Balance unpaid (included in payables)	(16 384 942.79)

35.4	Medical and Pension Contributions	
	Opening balance	7 513 650.42
	Current year payroll deductions and Council Contributions	16 164 057
	Amount paid - current year	(7 613 650.42)
	Balance unpaid (included in payables)	(16 164 057)

35.5	The following Councilors had arrear accounts outstanding as at 30 June 2013:	
	Outstanding less than 90 days	Outstanding more than 90 days

	as at 30 June 2013	
	Cllr T B Lukhele	2 787
	Cllr V Z Kakhwaza-Msibi	(798)
	Cllr PATN Buthelezi	3 970
	Cllr I A Mbatia	1 761
	Cllr S E Nkwananya	(312)
	Cllr B J Mkhwanago	123
	Cllr T K Mkhize	2 787
	Cllr K E Nxumalo	33 451
	Total Councilor Arrear Consumer Accounts	43 771
		45 043

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013	2012
as at 30 June 2012		
Cllr T B Lukhele	22 203	-
Cllr V Z KaMagwaza-Mabli	(232)	(232)
Cllr PATN Buthelezi	3 125	-
Cllr I A Mbatsha	1 096	-
Cllr S E Nkwanyana	351	-
Cllr B J Mncwango	(136)	(136)
Cllr T K Mkhize	6 571	-
Cllr K E Nxumalo	30 870	-
	(389)	-
Total Councilor Arrear Consumer Accounts	63 459	(368)
Water losses averaged 8% during the year	9 628 755	98 600

Unaccounted for water comprises underground leaks, faulty meters, vandalism, reservoir overflows resulting from either faulty or malfunctioning ball valves. The Non Revenue Water Management Strategy is already in place. The municipality is currently drafting the business plan to source funding for the implementation of the Non Revenue Water Management Strategy.

35.7 Irregular Expenditure and Deviations

Reconciliation of irregular expenditure and deviations	-	-
Opening balance	16 870 556	6 422 911
Irregular expenditure and deviations incurred during the year	18 653 375	11 447 645
Irregular expenditure not condoned	-	-
Irregular expenditure and deviations awaiting condonement	1 443 341	-
	36 967 273	16 870 556

Irregular expenditure relates to procurements that were made from companies who have directors or members who are in the service of the state. This was due to the members making misrepresentations on the Municipal Bidding Documentation (MBO 4) forms which are official declarations from National Treasury. Investigations are ongoing and further actions will be taken in accordance with the merits of each case. A legal opinion regarding the action that can be instituted has been obtained. However, the municipality does not have access to the database of government employees and cannot reasonably be expected to know all government employees. As a result, the declarations by members of respective companies are considered adequate. In June 2012 the municipality procured the services of a company that verifies the status of a company or individual before an appointment can be made. This has gone a long way to ensure that companies whose members are in the service of the state are not appointed.

35.8 Unauthorised expenditure

Reconciliation of unauthorised expenditure	-	-
Opening balance	6 975 536	-
Unauthorised incurred during the year	-	6 975 536
Unauthorised incurred condoned or written off by council	(6 975 536)	-
Unauthorised awaiting condonement	-	6 975 536
	-	6 975 536

35.9 Frutless and Wasteful expenditure

Reconciliation of frutless and wasteful expenditure	-	-
Opening balance	20 098	-
Frutless and wasteful incurred during the year	42 815	20 098
Frutless and wasteful condoned or written off by council	(42 815)	-
Frutless and wasteful awaiting condonement	-	20 098
	42 815	20 098

Non-Compliance with Chapter 11 of the Municipal Finance Management Act

CAPITAL COMMITMENTS

Commitments in respect of capital expenditure

- Approved and contracted for

Infrastructure

Community

Heritage

Other

- Approved but not yet contracted for

Community

Heritage

Other

Infrastructure

Total

This expenditure will be financed from:

- Own Revenue

- Government Grants

- District Council Grants

276 647 535	275 036 558
110 780 866	151 898 594
6 000 000	20 000 000
19 055 161	50 348 152
85 725 705	81 550 442
387 428 401	426 935 152
28 397 401	48 672 152
359 031 000	378 263 000
387 428 401	426 935 152

R

2012

2013

Note

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Note	2013	2012
------	------	------

R

37

Operating leases

At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Operating leases - lessee

Within one year	81 287	132 059
in the second to fifth year inclusive	77 927	223 512
After five years		
Total	159 215	355 571
Total future minimum sublease payment expected to be received under non-cancellable subleases		
Related party balances		
Loan accounts - Owning (to) by related parties		

Note	2013	2012
------	------	------

R

CORRECTION OF PRIOR PERIOD ERROR

38

Add: Correction of errors at 30 June 2011 and prior periods
Nature of error
Sundry Creditor Stale cheques reversal
Reversal of cancelled cheque (52250). The consultant applied for the same scheme.
Restated Balance at 30.6.2011

6 551
135 851
142 402

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

Notes	2013	2012
		R
For the 2012 period		
Nature of error		
Cleaning of year end creditors	(8 486.2)	
Replacement of a cancelled cheque that was incorrect	(22 800.0)	
Cleaning grv for 2011/2012 which was incorrectly allocated	204 422.4	
Val input incorrectly claimed	(70 112.0)	
State cheque was reversed and replaced in general vote	7 614.9	
Reversal of state cheque #52302. Department of Transport did not accept cheques	2 976.0	
Reversal of state cheque #52248. Department of Transport did not accept cheques.	974.0	
Reversal of incorrectly capitalised Work in Progress	(98 929.8)	
Reversal of duplicated payment and another payment made before delivery took place	(906 872.0)	
Correction of an error retention was paid with the wrong vote	1 000 535	
Correction of an error retention was paid with the wrong vote	5 388 672	
Reversal of accumulated depreciation (refer Management Report, asset componentisation)	276 281	
Restated Balance at 30 June 2012		5 773 275

ZULULAND DISTRICT MUNICIPALITY
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2013

	2013	2012
NET EFFECT OF PRIOR PERIOD ERRORS:		
Decrease creditors	1 054 181	
Decrease in Retention	6 389 207	
Decrease in debtors		
Decrease in debtors		
NET EFFECT	7 443 388	

39

EMPLOYEE BENEFITS
Pension Benefits

Council's share of contributions to retirement benefit funds were

9 138 808

As stated in the accounting policy note, all contributions to retirement benefit funds are treated as contributions to retirement contribution plans.

Post retirement benefits

Employees of the municipality do not enjoy post retirement medical benefits and the municipality has no legal or constructive obligation in this regard. Except for one employee who was transferred from one of the local municipality.

40

CONTINGENT LIABILITIES

Contingent liabilities comprises of:
Pending cases

2 499 804 178 532

41

CONTINGENT ASSET

Claim for Stolen cheques

3 198 000 3 481 539

Subsequent to the stealing of cheques, the court case is in progress. Some funds were frozen and according to our lawyers, it is probable that we may recover this amount from the Bank.

42

Statement of Comparison of Budget and Actual Amounts.

The Statement of comparison of Budget and actual amounts has been presented as a separate additional statement on Appendix F. The budget and actual financial statements are prepared on the accrual basis and covers the same period from 1 July 2011 to 30 June 2012.

ZULULAND DISTRICT MUNICIPALITY
APPENDIX A
SCHEDULE OF EXTERNAL LOANS
as at 30 June 2013

EXTERNAL LOANS	Loan number	Redeemable Date	Balance at 30 June 2012	Received during the period	Redeemed / written off during the period	Balance at 30 June 2013	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
			R	R	R	R	R	R
Finance Lease Liability-Konica Minolta Total long-term loans		30/06/2013	112 355	-	112 355	-		
			112 355	-	112 355	-	-	
			112 355	-	112 355	-	-	
TOTAL EXTERNAL LOANS			112 355	-	112 355	-	-	

APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2013

	Cost/Revaluation					Accumulated Depreciation						Transfers R'000	Other movements R'000	Carrying Value R'000
	Opening Balance R'000	Additions R'000	Disposals R'000	Under Construction R'000	Closing Balance R'000	Opening Balance R'000	Depreciation R'000	Disposals R'000	Impairment loss/Reversal of impairment loss R'000	Closing Balance R'000				
Land														
Land	470 000	-	-	-	470 000	-	-	-	-	-	-	-	-	470 000
	470 000	-	-	-	470 000	-	-	-	-	-	-	-	-	470 000
Buildings														
Buildings	42 996 247	-	-	479 787	43 476 034	(7 816 236)	(1 080 250)	-	-	(8 896 486)	-	-	-	34 579 547
Infrastructure														
Water & Sewerage Inst	1 137 067 495	-	-	293 606 944	1 430 674 439	(111 549 547)	(12 600 071)	-	-	(124 149 618)	(906 872)	-	-	1 305 617 949
Water & Sewerage Pipes	466 645 514	-	-	-	466 645 514	(61 423 109)	(10 036 616)	-	-	(71 459 725)	(98 830)	-	-	395 086 859
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	1 603 713 009	-	-	293 606 944	1 897 319 953	(172 972 655)	(22 636 688)	-	-	(195 609 343)	(1 005 602)	-	-	1 700 704 808
Community Assets														
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage Assets														
Historical Buildings	305 370	-	-	-	305 370	-	-	-	-	-	(305 370)	-	-	-
Paintings & Artefacts	305 370	-	-	-	305 370	-	-	-	-	-	(305 370)	-	-	-
	-	-	-	-	-	(180 788 891)	(23 716 938)	-	-	(204 505 829)	(1 311 172)	-	-	1 735 754 355
Total carried forward	1 647 484 626	-	-	294 086 731	1 941 571 356	(180 788 891)	(23 716 938)	-	-	(204 505 829)	(1 311 172)	-	-	1 735 754 355

APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2013

	Cost / Revaluation					Accumulated Depreciation					Transfers movements	Other movements	Carrying Value R'000
	Opening Balance R'000	Additions R'000	Disposals R'000	Under Construction R'000	Closing Balance R'000	Opening Balance R'000	Depreciation R'000	Disposals R'000	Impairment loss/Reversal of impairment loss R'000	Closing Balance R'000			
Total brought forward	1 647 484 626	-	-	294 086 731	1 941 571 356	(180 788 891)	(23 716 938)	-	-	(204 505 829)	(1 311 172)	-	1 735 754 355
Other Assets													
Office Equipment	1 444 412	6 798	-	-	1 451 210	(1 091 921)	(147 346)	-	-	(1 239 266)	-	-	211 943
Furniture & Fittings	685 171	214 251	-	-	899 422	(393 596)	(90 761)	-	-	(484 356)	-	-	415 066
Emergency Equipment	139 475	-	-	-	139 475	(70 659)	(13 997)	-	-	(84 656)	-	-	54 820
Motor Vehicles	33 987 611	3 386 234	-	-	37 353 845	(13 068 755)	(4 918 098)	-	-	(17 986 853)	-	-	19 366 992
Computer Equipment	5 614 417	619 522	-	-	6 233 939	(3 546 553)	(754 624)	-	-	(4 301 187)	-	-	1 932 752
Other Assets	2 826 197	26 988	-	-	2 853 185	(465 763)	(289 946)	-	-	(755 712)	-	-	2 097 474
Finance Lease Assets													
Office Equipment	44 677 283	4 253 793	-	-	48 931 076	(18 657 246)	(6 194 784)	-	-	(24 852 030)	-	-	24 079 046
Other Assets	907 253	-	-	-	907 253	(803 035)	(104 219)	-	-	(907 253)	-	-	(0)
Total	1 693 069 162	4 253 793	-	294 086 731	1 991 409 685	(200 249 172)	(30 015 941)	-	-	(230 265 113)	(1 311 172)	-	1 759 833 401

NB: All the assets that are fully depreciated and having zero balances will be assessed for either disposal, re-use or scrapping in the 2013/2014 financial year by 31 January 2013.

APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT

as at 30 June 2012

	Cost / Revaluation					Accumulated Depreciation							Carrying Value R'000
	Opening Balance R'000	Additions R'000	Disposals R'000	Under Construction R'000	Closing Balance R'000	Opening Balance R'000	Depreciation R'000	Disposals R'000	Impairment loss/Reversal of impairment loss R'000	Closing Balance R'000	Transfers R'000	Other movements R'000	
Land	470 000	-	-	-	470 000	-	-	-	-	-	-	-	470 000
Land	470 000	-	-	-	470 000	-	-	-	-	-	-	-	470 000
Buildings	33 950 273	-	-	9 045 974	42 996 247	(6 736 082)	(1 080 154)	-	-	(7 816 236)	-	-	35 180 011
Infrastructure													
Water & Sewerage Inst	928 046 580	-	-	209 020 914	1 137 067 495	(95 356 383)	(16 213 164)	-	-	(111 549 547)	-	-	1 025 517 948
Water & Sewerage Pipes	466 645 514	-	-	-	466 645 514	(51 641 637)	(9 781 471)	-	-	(61 423 109)	-	-	405 222 405
	-	-	-	-	-	-	-	-	-	-	-	-	-
	1 394 692 094	-	-	209 020 914	1 603 713 009	(146 978 020)	(25 994 635)	-	-	(172 972 655)	-	-	1 430 740 354
Community Assets													
Recreation Grounds	-	-	-	-	-	-	-	-	-	-	-	-	-
Stadiums	-	-	-	-	-	-	-	-	-	-	-	-	-
Swimming Pools	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Heritage Assets													
Paintings & Artefacts	-	-	-	305 370	305 370	-	-	-	-	-	-	-	305 370
Historical Buildings	-	-	-	305 370	305 370	-	-	-	-	-	-	-	305 370
	-	-	-	305 370	305 370	-	-	-	-	-	-	-	305 370
Total carried forward	1 429 112 368	-	-	218 372 258	1 647 484 626	(153 714 102)	(27 074 790)	-	-	(180 788 891)	-	-	1 466 695 735

APPENDIX B
ANALYSIS OF PROPERTY PLANT AND EQUIPMENT
as at 30 June 2012

	Cost / Revaluation				Accumulated Depreciation								Carrying Value R'000
	Opening Balance R'000	Additions R'000	Disposals R'000	Under Construction R'000	Closing Balance R'000	Opening Balance R'000	Depreciation R'000	Disposals R'000	Impairment loss/Reversal of impairment loss R'000	Closing Balance R'000	Transfers R'000	Other movements R'000	
Total brought forward	1 429 112 368	-	-	216 372 258	1 647 484 626	(153 714 102)	(27 674 790)	-	-	(180 788 891)	-	-	1 466 695 735
Other Assets													
Office Equipment	1 416 989	58 272	(30 659)	-	1 444 412	(995 084)	(127 715)	30 868	-	(1 091 921)	-	-	352 491
Furniture & Fittings	645 593	39 578	-	-	685 171	(307 180)	(86 415)	-	-	(393 595)	-	-	291 576
Bins and Containers	-	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Equipment	139 475	-	(594 933)	-	139 475	(56 614)	(14 044)	441 239	-	(70 659)	-	-	68 816
Motor vehicles	24 422 865	10 139 679	-	-	33 967 611	(10 033 068)	(3 476 925)	-	-	(13 068 755)	-	-	20 898 856
Fire engines	-	-	-	-	-	-	-	-	-	-	-	-	-
Refuse tankers	-	-	-	-	-	-	-	-	-	-	-	-	-
Computer Equipment	5 373 136	737 781	(495 500)	-	5 614 417	(3 357 115)	(670 328)	480 890	-	(3 546 553)	-	-	2 067 864
Computer Software (part of computer equipment)	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Assets	1 050 778	1 775 420	-	-	2 826 197	(367 384)	(118 379)	-	-	(485 763)	-	-	2 340 434
Finance Lease Assets	33 048 846	12 750 729	(1 122 292)	-	44 677 283	(15 116 426)	(4 493 807)	952 987	-	(18 657 245)	-	-	26 020 037
Office Equipment	907 253	-	-	-	907 253	(573 950)	(229 085)	-	-	(803 035)	-	-	104 218
Other Assets	907 253	-	-	-	907 253	(573 950)	(229 085)	-	-	(803 035)	-	-	104 218
Total	1 463 068 467	12 750 729	(1 122 292)	216 372 258	1 693 069 162	(169 404 477)	(31 797 682)	952 987	-	(200 248 172)	-	-	1 492 819 990

APPENDIX C
ANALYSIS OF HERITAGE ASSETS
as at 30 June 2013

	Cost / Revaluation							Impairment loss/Reversal of impairment loss	Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance						
							R'000				
Art collection	305 370	-	-	683 108	988 478	-	-	-	988 478		
Work of arts	305 370	-	-	683 108	988 478	-	-	-	988 478		
Antiquities	-	-	-	-	-	-	-	-	-		
Stamp collections											
Collections of insects and butterflies	-	-	-	-	-	-	-	-	-		
Collections of fossils	-	-	-	-	-	-	-	-	-		
Collections of rare books or manuscripts											
Collection of rare books	-	-	-	-	-	-	-	-	-		
Manuscripts	-	-	-	-	-	-	-	-	-		
Historical Buildings											
Graves and burial grounds	-	-	-	-	-	-	-	-	-		
Historical Buildings	-	-	-	-	-	-	-	-	-		
Total	305 370	-	-	683 108	988 478	-	-	-	988 478		

APPENDIX C
ANALYSIS OF HERITAGE ASSETS

as at 30 June 2012

	Cost / Revaluation					Impairment loss/Reversal of impairment loss	Transfers	Other movements	Carrying Value R'000
	Opening Balance R'000	Additions R'000	Disposals R'000	Under Construction R'000	Closing Balance R'000				
Art collection	-	-	-	305 370	305 370	-	-	-	305 370
Work of arts	-	-	-	305 370	305 370	-	-	-	305 370
Antiquities	-	-	-	-	-	-	-	-	-
Stamp collections	-	-	-	-	-	-	-	-	-
Collections of insects and butterflies	-	-	-	-	-	-	-	-	-
Collections of fossils	-	-	-	-	-	-	-	-	-
Collections of rare books or manuscripts	-	-	-	-	-	-	-	-	-
Collection of rare books	-	-	-	-	-	-	-	-	-
Manuscripts	-	-	-	-	-	-	-	-	-
Historical Buildings	-	-	-	-	-	-	-	-	-
Graves and burial grounds	-	-	-	-	-	-	-	-	-
Historical Buildings	-	-	-	-	-	-	-	-	-
Total	-	-	-	305 370	305 370	-	-	-	305 370

ZULULAND DISTRICT MUNICIPALITY
APPENDIX D
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT, HERITAGE AND INTANGIBLE ASSETS
as at 30 June 2013

	Cost / Revaluation				Accumulated Depreciation						
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals		Closing Balance	Transfers
	R	R	R	R	R	R	R	R	R		R
Executive & Council	38 667 905	744 328	1 170 115		40 579 348	(283 031)	(48 796)		(331 827)	(1 212 242)	39 318 310
Finance & Admin	3 819 615	3 618 783	11 679 330		19 117 728	(18 834 781)	(2 577 612)		(21 412 393)	(98 930)	16 441 186
Planning & Development	3 788 992	54 517	7 700 931		11 544 440	(475 618)	(78 300)		(553 919)		11 466 140
Health	12 966				12 966	-			-		12 966
Community & Social Services	1 786 518	14 830			1 801 348	(330 190)	(87 266)		(417 456)		1 714 082
Public Safety	2 173 787				2 173 787	-			-		2 173 787
Water	1 429 507 170		274 219 462		1 703 726 632	(182 063 880)	(27 282 050)		(209 345 930)		1 676 444 582
Other	12 787 756				12 787 756	-			-		12 787 756
Total	1 492 544 709	4 429 458	294 769 838	-	1 791 744 005	(201 987 500)	(30 074 024)	-	(232 061 524)	(1 311 172)	1 760 358 809

ZULULAND DISTRICT MUNICIPALITY						
APPENDIX E						
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE						
for the year ended 30 June 2013						
2012	2012	2012	2013	2013	2013	2013
Actual Income	Actual Expenditure	Surplus / (Deficit)	Actual Income	Actual Expenditure	Surplus / (Deficit)	
R	R	R	R	R	R	
57 696 557	(57 696 557)	Executive & Council	9 758 279	32 519 298.24	(22 761 019)	
295 074 029	62 519 439	Finance & Admin	297 486 917	68 327 712.67	229 159 204	
3 516 827	15 342 899	Planning & Development	4 862 666	15 790 666.07	(10 928 000)	
16 438 507	42 175 303	Community & Social Services	17 139 978	57 303 272.76	(40 163 295)	
299 193 198	221 155 109	Water & Sanitation	359 542 583	283 124 455.13	76 418 127	
614 222 561	398 889 308	215 333 254	688 790 423	457 065 405	231 725 018	

ZULULAND DISTRICT MUNICIPALITY
APPENDIX F

Grants Revenue and Expenditure Quarterly Report in terms of S123 of the MFMA act

Name of Grants	Name of organ of state	Unspent portion 2017/2018 financial statements	Adjustments and Transfers	Quarterly Receipts				Quarterly Expenditure				Total Expenditure	Unspent portion 2017/2018 financial statements	Grants and Subsidies delayed / withheld	Reason for delay withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework Revenue Act	Reason for non-compliance
				July to Sept	Oct to Dec	Jan to Mar	April to June	July to Sept	Oct to Dec	Jan to Mar	April to June						
ukh. Implementation Grant	DMAF																
igable Share	National Treasury																
MO	National Treasury			1 250 000.00	96 285 000.00	64 713 000.00	-	341 692.00	503 994.00	405 151.00	2 627 281.36	258 854 000.00				YES	
USAID TRANSPORT	KZN COGTA	1 888 000		1 775 000.00				1 533 385.15	284 854.08	1 020 884.10	2 627 281.36	3 443 129.54	20 812.46			YES	
MASSIFICATION PROJECT	KZN COGTA			5 965 000.00	5 116 000.00			1 638 071.03	627 833.11	1 475 023.74	1 475 023.74	5 194 284.57	6 889 715.43			YES	
USAID Grant	Art & Culture			780 500.00	780 500.00			638 000.00	580 000.00	343 000.00		1 561 000.00				YES	
IVA Operating & Maintenance	DMAF			1 654 000.00	3 307 000.00	3 307 000.00		8 288 000.00	490 072.00	2 304 895.20	3 542 691.93	8 288 000.00				YES	
IG	COGTA			79 361 000.00	118 910 000.00	77 186 000.00		68 301 319.28	81 582 214.44	78 880 162.64	48 713 303.64	275 487 000.00	0.00			YES	
BIG	COGTA			1 000 000.00				1 000 000.00	451 240.50		548 799.50	1 000 000.00				YES	
Unred. Tourism Hub	KZN COGTA	8 046 655		6 500 000.00				2 524 541.83	4 881 947.82	3 941 055.64	4 189 110.05	15 546 655.55				YES	
South Development Summit				420 000.00						8 463.39	45 942.00	64 395.36	345 601.64			YES	
Standard Public Works Programme	Dept of Works			1 000 000.00		4 287 600.00		449 341.00	735 688.00	773 925.00	3 248 284.10	5 627 000.00				YES	
Unred. Airport	KZN COGTA			2 375 537.11	3 370 620.33	9 129 564.49	324 453.48	2 025 023.70	1 932 802.19	3 101 448.53	1 134 246.79	9 043 622.21	6 236 973.21			YES	
Unred. Services Planning				990 000.00				91 284.52	91 284.52	91 284.52	91 284.52	385 138.08	584 881.92			YES	
ZIP	DMAF			465 255.86	295 337.44	382 310.74	215 704.50	1 389 638.24		491 725.91	947 912.33	1 339 638.24				YES	
ZIP Trade						200 000.00							200 000.00			YES	
		18 744 655		105 384 722.97	248 055 899.33	183 619 300.46	521 050.78	1 560 585 244.78	1 914 042 597.23	2 018 627 091.11	482 008 246.05	51 793 447.13	1 320 000 000.72	13 275 022.85			

Amount reflected as Unspent conditional